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November 20, 1997

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: MM Docket No. 87-268 Ex Parte Notice

Dear Mr. Caton:

The Association of America's Public Television Stations ("APTS") and the Public Broadcasting Service ("PBS") hereby notify the Commission of the following *ex parte* meeting in the above-captioned digital television proceeding. The meeting occurred on November 19, 1997, and was attended by Marilyn Mohrman-Gillis, APTS, Lonna Thompson, APTS, Patricia DiRuggiero, PBS and Gary P. Poon, PBS. We met with the following persons:

Roy J. Stewart, Chief, Mass Media Bureau
Marsha MacBride, Special Assistant, MMB
James Brown, Assistant Chief, Video Services
Clay Pendarvis, Chief, TV Branch
Jane Gross, Senior Attorney, Policy & Rules Division, MMB
Barbara Kreisman, Chief, Video Services Division
Vicky Phillips, Senior Attorney, Policy & Rules Division, MMB
Bruce Ramano, Deputy Chief, Policy & Rules Division
Keith Larson, Assistant Chief, Engineering & Technology


APTS and PBS discussed the DTV issues contained in our Petition for Reconsideration and Clarification in the digital television proceeding.

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Should any questions arise concerning these meetings, please contact the undersigned.

Respectfully submitted,



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Vice President, Policy and Legal Affairs
Lonna M. Thompson
Director, Legal Affairs
Association of America's Public Television
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Gary P. Poon
Executive Director, DTV Planning Office
Patricia DiRuggiero
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Public Broadcasting Service
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cc: Roy J. Stewart, Chief, Mass Media Bureau



MESSAGE POINTS

PUBLIC BROADCASTING'S TRANSITION TO DIGITAL TECHNOLOGY

Digital technology will enhance public broadcasting's high-quality, noncommercial programs and education services.

- HDTV will significantly enhance the beauty and detail of PBS's signature programming, from nature and performing arts to science, drama and travel.
- Multicasting will enable public broadcasting to extend the reach of its education services. Stations will be able to offer more content to more people at the same time in four separate, simultaneous program streams. Potential channels include:
 - PBS's Ready-to-Learn service for children
 - K-12 instructional programming
 - GED and college credit telecourses
 - Workforce training or local public affairs programming
- Digital technology will enable public broadcasting to supplement its programming and education services through the distribution of course materials, software, closed captioning, descriptive video service, and other data.

Public broadcasting must convert to digital technology to ensure that all Americans have access to free, locally-based, enriching programs and education services.

- In a media environment that is increasingly populated by commercial conglomerates seeking to profit from digital technology, only public broadcasting is committed to narrowing the critical information gap between the "haves" and "have nots" in the digital age.
- Only public broadcasters are committed to serve culturally, socially and geographically diverse American audiences.
- Public broadcasters are long-time leaders in harnessing the power of communications technology for public service, such as closed captioning, descriptive video and Radio Reading Services.

Public broadcasting's transition to digital technology deserves public support.

- Public broadcasting is a historic public/private partnership that for 30 years has delivered high value for low cost. A commitment of public support for public broadcasting in the digital age would build on that wise, long-term investment.
- For a one-time charge of \$2.88 per American — less than cost of a video rental — every viewer and listener will gain a lifetime of unlimited access to public broadcasting's enriched and expanded programs and education services in the digital era.
- The digital transition will exceed \$1.7 billion and public broadcasters have asked the federal government to meet less than half that estimated investment cost. They will raise the rest from other sources.
- Digital technology is not a frill; it's a technological imperative. Since the FCC is requiring all television stations to convert to digital programming by 2003, public broadcasters are obliged to make unprecedented investments in new transmission and production equipment.
- The noncommercial nature of public broadcasting makes raising these funds from private sources even more challenging than for the commercial networks, and thus requires a public investment to meet the new technological standard.

Public broadcasting is a unique national resource.

- 100 million people a week watch public television and more than 20 million people a week listen to public radio.
- Public broadcasting stations are local community institutions.
- Public broadcasting is America's premier media enterprise using technology for formal education and lifelong learning, including workforce training, college-level telecourses, distance learning, K-12 classroom services, and pre-school programs.
- For more than a generation, public broadcasting has set the standard in children's television with nonviolent, noncommercial, nurturing programs that educate, inspire and delight the young viewers.

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November 4, 1997

SUMMARY OF PUBLIC BROADCASTING'S SUBMISSION TO OMB IN SUPPORT OF FEDERAL FUNDING FOR THE DIGITAL TRANSITION

Telecommunications in the United States and abroad are in the midst of a revolution, driven by rapid advances in digital technology. These far reaching changes are already forcing us to redefine traditional concepts such as "broadcaster" and "program," and are requiring entire industries — telephones and computers, as well as radio and television — to position themselves for the digital future. At this critical juncture, there is a unique opportunity for a national investment in Public Broadcasting to ensure that the educational needs of the American public are met through the use of digital technology.

For 30 years, Public Broadcasting has utilized the most current technology to ensure that learners of all ages and abilities, and from every socioeconomic level and geographic location, have access to the highest quality, noncommercial educational and cultural programming. Public Broadcasting has always been a pioneer in the use of technology to serve the public interest, and we stand ready to harness the forces of digital technology to continue to educate, enlighten and inform our nation's citizens.

This coming transition to digital broadcast technology stands to revolutionize how we accomplish our core mission. It will greatly affect each station and all the national organizations. In anticipation of this revolution, Public Broadcasting has undertaken a comprehensive planning process to shape our digital future. This process was guided by the Digital Broadcasting Strategic Planning Steering Committee (Digital Steering Committee) composed of representatives of the four national organizations, APTS, PBS, CPB and NPR, as well as station representatives involved in digital technology.

Public Broadcasting proposes a public/private partnership with the federal government to uphold universal access to quality public service programming in the digital age.

Digital technology is not a frill, but a technological imperative. The FCC's mandate that all stations convert to digital programming by 2003 imposes a tremendous financial burden on virtually all public broadcast stations. Public Broadcasting estimates the initial infrastructure investment required to make the transition to digital technology at \$1.7 billion.

Unlike commercial broadcasters, public broadcasters are nonprofit or state or local government entities that rely on a grassroots funding structure. Because of these structures, stations are constrained in their ability to finance such a major capital expenditure. The cost of the digital transition will force many stations to either relinquish their digital license or divert already scarce funds from programming and operating budgets.

Some would ask why a renewed government commitment to Public Broadcasting is necessary in the digital age, which promises an unprecedented capability for expansion of commercial channels. The answer is simple. Public Broadcasting is the only entity that can assure that all Americans can have access to high quality educational and cultural resources. The federal government's 30-year history of support for Public Broadcasting recognizes the fundamental tenet: the commercial marketplace cannot be relied upon to provide high quality, noncommercial educational services in the public interest. By investing in Public Broadcasting's transition to digital technology, the federal government can ensure that this revolutionary technology is used to advance the nation's goals of educating the American public.

Public Broadcasting is well positioned to harness the forces of new technology to meet the nation's educational goals.

Digital technology will allow Public Broadcasting to offer all Americans a greatly expanded, interactive and richly detailed world of learning. Through a rigorous analysis, we identified a range of services most appropriate for Public Broadcasting to provide in a digital age. We focused on the needs that are not met or inadequately met in the commercial marketplace, and services that Public Broadcasting is well positioned to provide to meet those needs. We grouped the most compelling services into four major categories and put forward a number of ambitious goals in each category.

Goal: All American children, parents and caregivers will have access to the full complement of the Ready to Learn service.

Public Broadcasting's "Ready to Learn" programming and outreach services are designed to assure school readiness and success for children, particularly ages 2-6. Digital technology's multicasting capability will allow Public Broadcasting to make a more customized and robust Ready to Learn service available to all children, parents and caregivers.

Goal: Technology should be effectively integrated into K-12 education.

Public Broadcasting has a long and successful track record using the latest technologies to provide K-12 educational programs. Approximately 30 million students and 2 million teachers in 70,000 schools are served by public television. Digital technology will allow Public Broadcasting to make these services universally available to all schools and to enhance their value through the integration of video-based programs with online and broadcast data.

Goal: All Americans should have access to lifelong learning resources.

Today, Public Television is the largest source of telecourses in the nation. PBS' Adult Learning Service provides more than 70 accredited telecourses to 400,000 post-secondary students annually. This does not include the hundreds of telecourses, reaching millions of adult learners, offered annually by individual public television stations. Digital technology will allow Public Broadcasting to increase the reach of its post-secondary telecourses so they are universally available to all adult learners.

Goal: All Americans should have access to public service programming.

Public Broadcasting is, and always has been, committed to serving the unserved and underserved populations in our country: those who because of economic, geographic, physical, cultural or language barriers have been left behind by the commercial marketplace. With digital technology, Public Broadcasting can expand and enhance its commitment to serve these populations and ensure that educational digital programming and services are available to all Americans.

The federal government is a necessary partner for the digital transition.

Public Broadcasting must continue its technological leadership in digital broadcasting and preserve the universal reach provided by its stations. Public Broadcasting's transition to digital broadcasting will require an initial investment of more than \$1.7 billion.¹ The cost estimates were developed using PBS cost analysis, a survey of the entire public television system, and an analysis of the best radio data available. The breakdown of these costs is shown in the table below.

Transition Costs
(\$ millions)

Category	Cost
Basic transmission package	\$575
Master Control	252
Production equipment	498
DTV Operation	339
Radio	50
Grand Total	\$1,715

¹ Because of the difficulty in measurement, this figure does not include the increased costs associated with program acquisition in a digital environment: the costs of producing programs in high definition, increased costs to acquire multicast programming, and additional costs required to enrich or add data to programs. On behalf of the Digital Steering Committee, CPB has requested an increase of \$100 million (for a total of \$400 million) in its appropriation for FY 2001 as a first step in addressing the increased program costs.

Our approach to this financial hurdle is designed to preserve the federal government's historic role as a crucial partner with us. We therefore requested that the President include 45 percent of the \$1.7 billion transition cost, or \$771 million in the FY 1999 budget. We estimate that we will outlay the funds over a three-year period; 50 percent in FY 1999, 30 percent in FY 2000, and 20 percent in FY 2001. Public Broadcasting arrived at the \$771 million request by dividing the cost of the transition by one-half to reflect a local match of 50 percent, and further subtracting 10 percent to reflect cost efficiencies and savings we anticipate from the transition.

Public Broadcasting will match the federal funding through a combination of individual contributions, corporate underwriting, state funding, and foundation grants. In addition, Public Broadcasting plans to convert the many challenges of the digital transition into opportunities to achieve efficiencies and potential cost savings. Potential efficiencies, that many stations have already begun to explore, include, but are not limited to:

- group purchase discounts with appropriate equipment vendors;
- collaborative arrangements with both public and commercial broadcasters;
- collaborative arrangements with private sector partners; and
- streamlining operations.

While it is difficult to predict whether and to what extent Public Broadcasting will fully realize such efficiencies, we anticipate achieving a net cost savings of 10 percent.

It has been well established by both Congress and successive Administrations that universal access to public service programming is an important and desirable goal. According to a recent Roper poll, the American public believes that among 20 services supported by the federal government, public radio and public television are the second and third best values in return for tax dollars spent. With our 30-year record as a leader in education and technology, we look forward with anticipation to continuing our service to the American people in the digital age.

Potential Educational Benefits of the Digital Transition

The table below represents an educational case that can be made for funding the digital transition. It is recognized, however, that there are other cases that can be made based on community service, public access, local government coverage, or other ideals.

Educational Goals	Public Broadcasting Expertise and Track Record	Benefits of the Conversion to Digital Technology
All American children will begin school ready to learn by the year 2000.	<p>-Public Broadcasting's "Ready to Learn" programming and outreach service is already assuring school readiness and success for children, particularly for ages 2-6.</p> <p>-Participating stations broadcast PBS children's series each day and work with community organizations, social service agencies, and day care providers to train parents, educators, and child care providers how to use Public Television to create an educational environment in the home.</p> <p>-Currently, 120 participating stations cover 88% of the country, and over the past three years public television stations have trained 44,000 parents and 74,000 teachers and caregivers, affecting over 50 million children.</p>	<p>1. Multicasting will allow stations to carry the full complement of "Ready to Learn" programming.</p> <p>2. Digital television will allow stations to provide more training to parents, educators and child care providers in a more efficient and cost-effective manner.</p> <p>3. Data delivery capabilities will enhance the quality of "Ready to Learn" and make it possible to customize the service.</p>
Technology should be effectively integrated into K-12 education.	<p>-Public Broadcasting has already integrated technology effectively into K-12 learning environments.</p> <p>-Approximately 30 million students and 2 million teachers in 70,000 schools are served by Public Broadcasting.</p> <p>-Public Broadcasting has pioneered the use of technology to deliver teacher training through groundbreaking programs such as PBS-MATHLINE.</p>	<p>4. Multiplexing will allow additional stations to provide K-12 services to more students.</p> <p>5. Digital technology will enhance the value of these services by allowing for the integration of video-based programs with online and broadcast data.</p>
All Americans should have access to lifelong learning resources.	<p>-Public Television is already the largest source of telecourses in the nation.</p> <p>-PBS' Adult Learning Service provides more than 70 accredited telecourses to 400,000 post secondary students annually.</p> <p>-Public Broadcasting is a leader in both adult literacy, through its "Literacy Link" initiative, and workforce training, through groundbreaking initiatives such as "The Business Channel" and "Ready to Earn."</p>	<p>6. Digital technology will allow Public Broadcasting to offer post secondary telecourses to thousands more adult learners.</p> <p>7. Digital technology will significantly enhance telecourses through the integration of data and online content into the programming.</p>
All Americans should have access to public service programming.	<p>-Public Broadcasting is and has been committed to serving the unserved and underserved populations in our country: those who because of economic, geographic, physical, cultural or language barriers have been left behind by the commercial marketplace.</p> <p>-Public Broadcasting pioneered the development of open and closed-captioning for the deaf or hard of hearing, descriptive video service (DVS) and radio reading service for the blind or visually impaired.</p>	<p>8. Digital conversion will allow Public Broadcasters to make noncommercial educational, digital programming and data available to all — including those who cannot afford cable, DBS, computers or Internet access.</p> <p>9. Digital technology will allow Public Broadcasting to expand its commitment to serving our nation's physically challenged.</p> <p>10. Digital technology can make programming and information available to non-English speaking populations.</p>

Washington Post
8.28.97

Exploring the Digital Broadcast Band

Public broadcasters are pledged to universal free access to educational and public service programming. Keeping public television free is no easy task. To do so requires the voluntary support of viewers, corporations, foundations and government as well as the best entrepreneurial spirit that can be brought to bear.

With digital television, public broadcasters see an enormous opportunity to extend education and public service. We seek to keep options open as regulation for the new technology is developed.

Allowing public stations to have options as they explore various applications will encourage creativity and innovation.

Digital television offers an opportunity both to expand educational and public service and to generate additional dollars to fund the expanded services. In a recent finding referred to by Post reporter Paul Farhi ["Public TV Wants Pay-Channel Options," *Business*, Aug. 8], public television was merely seeking to confirm what current law and regulation allow in permitting licensees to offer revenue-generating ancillary and supplementary services on their digital channel.

That said, nothing will replace the generous support viewers provide and the mix of voluntary and government support that is the hallmark of public television's funding.

JERRY WAREHAM

Chairman
America's Public Television Stations
President and CEO, WVIZ
Cleveland

New York Times

October 20, 1997

PBS Makes Digital Plans

But Getting Money To Underwrite Efforts May Prove Difficult

By JOEL BRINKLEY

WASHINGTON, Oct. 16 — While the nation's commercial television networks ponder, equivocate and complain as they confront the impending transition to digital broadcasting, the Public Broadcasting System is plunging forward with a clearly articulated plan and obvious enthusiasm.

"We see marvelous opportunities here," said Ervin Duggan, president of the system. "We are very impatient for these technologies to come into place."

The only problem is, PBS officials are not sure how they are going to pay for it.

Early this month, the Corporation for Public Broadcasting gave the Clinton Administration a proposal outlining what the nation's 349 public television stations intend to do with their new, digital channels, along with a request for \$771 million to help pay for it — a sum public broadcasting officials acknowledge they will have to fight hard to obtain.

At the core of the PBS strategy, said Gary P. Poon, executive director of the system's Digital Television Strategic Planning Office, is the intention "to do all of it" — take advantage of all the possibilities digital television offers.

PBS stations plan to show many of the network's prime time shows — "Nova," "Nature," and "Great Performances," among others — in wide screen and high definition with accompanying digital, six-channel "surround sound."

But at other times of the day, PBS stations will divide their digital channel by four and offer, as an example, children's programming on one channel, an adult-education show on another, a gardening show on a third and elementary-school course work on the fourth.

Digital technology allows broadcasters to fill most of a channel with high-definition programming — or offer several lower-definition shows in the same space. And as Robert Coonrod, President of the Corporation of Public Broadcasting, put it, "technology is finally catching up with our mission."

Today, the PBS officials said, most public



Public Broadcasting System

Doing It All

The Public Broadcasting System wants to use high-definition television to show many of the network's prime time shows — like "Nova", which the late astronomer Carl Sagan helped popularize — in wide screen and high definition with accompanying digital, six-channel "surround sound." But at other times of the day, PBS stations will divide their digital channel by four and offer programming ranging from "Sesame Street" to adult education courses.

television stations have far more hours of educational programming than they have available air time. So adult learning courses must be shelved to make room for children's programs, or vice versa. But using the multi-channel option, PBS stations will have the ability to offer all of it.

How the programming will appear on the screen when Channel 13 suddenly changes from a single program to four of them on channels 13A, 13B, 13C and 13D has not been decided. But Mr. Duggan suggested that viewers might first see a screen with four small windows, each holding a different show, then select which to watch.

In addition, PBS intends to use a portion of the airwaves to send data to viewers along with programming. Teachers using PBS programming for course work must now wait for the stations to mail out teacher guides. With digital transmission, some of these materials can be transmitted along with the TV signal and downloaded or printed.

But PBS officials caution that they first must get commitments to pay for this — and the \$771 million request, designed to be paid out over three years, represents just a portion of the system's needs. The total digital-transition costs come to \$1.7 billion, to buy new transmitters and other digital equipment for all of the PBS stations, the system says. PBS

officials say they intend to raise \$1 billion from foundations, state governments and viewers.

While neither Clinton Administration nor Congressional leaders say they are ready to discuss budget requests that will not come up for debate until next year, continued Federal funding of public broadcasting faces a difficult debate every year.

Representative W.J. (Billy) Tauzin, the Louisiana Republican who is Chairman of the Telecommunications Subcommittee, is heavily promoting the idea of establishing a Federal trust fund whose proceeds would be given to public broadcasters instead of debating an actual appropriation each year.

But in the meantime, PBS is asking that each annual installment of the \$771 million for the digital transition be appropriated in addition to the system's normal appropriation for operating revenues — \$300 million in the most recent budget. Mr. Coonrod acknowledges that the system faces a formidable challenge.

The \$1 billion to be raised locally is in addition to the ordinary raising of funds by the stations — just over \$1 billion nationwide each year.

Mr. Coonrod expects stations in seven or eight cities to begin supplementing their regular broadcasts with digital offerings next fall.



August 11, 1997

"Letters to the Editor"
The Washington Post
1150 15th Street, NW
Washington, DC 20071

Dear Editor:

Contrary to the assertion in an August 8 story in the Washington Post ("Commercial Powers Sought for Public TV"), PBS has absolutely no intention of "charging viewers for *Barney & Friends*, *Nova*, and other noncommercial programs" when digital technology provides greater flexibility in the use of broadcast spectrum.

Public broadcasters currently have a planning process underway to evaluate how best to fulfill their educational mission in a digital environment. Under any scenario, PBS and its member stations will continue to provide a noncommercial broadcast television service free of charge to the American public, including traditional PBS programs such as *Barney & Friends* and *Nova*. The overriding objective of any strategy we pursue is to enhance and strengthen our noncommercial, universally available services that advance education, culture, and citizenship.

PBS's efforts in digital television are consistent with our corporate strategy to bring in new revenue sources to amplify the impact of the essential federal support we receive. We have been extraordinarily successful in these efforts, raising our operating budget by \$80 million (46 percent) the last two fiscal years without increased funds from our stations or the government. A growing home video business, strategic alliances with program producers and education service providers, and other extensions of the PBS brand name into new markets have expanded revenues without any "commercialism" on the air.

These successes have helped PBS sustain its programming leadership in 1997: ratings up five percent as "big 4" networks decline; children's ratings up about 30 percent; more Peabody and children's daytime Emmy awards than any other network; second in News and Documentary Emmy nominations. A recent Roper survey found Americans rank public broadcasting second only to national defense in value received for their tax dollars.

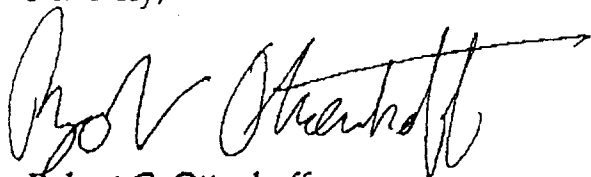
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So the public need not worry when PBS and its member stations seek to keep our options open in the digital age. We will remain the universally available, noncommercial oasis of quality programming and education services Americans have come to know, use, enjoy and respect.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bob Ottenhoff", with a long horizontal flourish extending to the right.

Robert G. Ottenhoff
Executive Vice President and Chief Operating Officer
Public Broadcasting Service
(703) 739-5074